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SUBJECT: NORTHERN NOTES

REF: A) THESSALONIKI 051, B) THESSALONIKI 048

THESSALONI 00000060 001.2 OF 002

Following is a summary of last month's major developments in Northern Greece:

THESSALONIKI PORT'S CARGO STATION LEASED TO HUTCHISON-ALAPIS

1. On August 26, the Board of Directors of OLTH (Thessaloniki Port Authority) approved the transfer of the management of port's cargo station from the state to the partnership of Hutchison Port Holdings, Hutchison Port Investments, Alapis and LYD. Ioannis Tsaras, Managing Director of OLTH, stated that the final contract will be presented to the Parliament for ratification by the end of 2008, so that the new management can commence operations at the beginning of next year. Earlier in the month, the Federation of Exporters of Northern Greece (SEVE) called on OLTH to reach an agreement with the port workers, as businesses continue to be heavily affected by the workers' mobilization against the privatization of the cargo station Operation(Ref A.) SEVE also accused the GoG of failing to foresee the possibility of reactions to the privatization effort and to ensure the uninterrupted functioning of the port, before negotiations regarding its future started. Port workers continue their work slowdown in protest of the privatization.

KIDNAPPERS OF LEADING GREEK BUSINESSMAN ARRESTED

2. On August 20, infamous criminal Vassilios Paleokostas and one of his accomplices were arrested for the abduction of businessman Georgios Milonas earlier in the summer (Ref B.) The arrest followed a raid by the Anti-Terrorist Squad on the gang's hideout in Thessaloniki, where a wide selection of arms, radio receiving units, micro-cameras and an amount between 1-3m were discovered. A few days later, police discovered a second hide-out in the greater Thessaloniki area, as well as an additional 3m and arms, including an anti-tank weapon (RPG), similar to the one used in the attack against the US Embassy in January 2007. The police are investigating whether the two guns belonged to the same batch and also, if the money and the guns were used in order to fund smaller groups that were involved in, for example, arson attacks. The arrests were the result of close monitoring by the police of one of the accomplices and a mistake by another who attempted to deposit marked notes in a bank in Chania, Crete. In an appearance before the Special Interrogator Teneketzidis, leader of the gang Paleokostas denied all charges and requested the presence of a lawyer.

SURPRISE REPLACEMENT OF ACTIVIST DA OF THESSALONIKI

3. The decision by the Ministry of Justice to replace the District Attorney of Thessaloniki Vassilios Floridis (rather

than extend his term) has been attributed to political motives by a portion of the local press ("Aggelioforos", August 10.) Some media reported that his active role in a series of major issues, such as narcotics, trafficking in persons, IPR enforcement and the university asylum issue have "annoyed" those in power and precipitated his replacement. A prosecutor contact told post he strongly suspected there were political motives behind the decision. Floridis successor is Dimitrios Papageorgiou, described by the press as being low-profile and in sharp contrast to the vocal Mr. Floridis. Daily "Makedonia" also called the move a "gamble," raising doubts about its prospects of succeeding. Supporters of Mr. Floridis called on the GoG to amend a recently adopted judicial reform law that limits the terms of prosecutors and thereby extend Floridis' term. Floridis' term will expire in September.

GEORGIAN COMMUNITY OF THESSALONIKI PROTESTS AGAINST THE WAR

14. On August 11, around 200 members of Thessaloniki's Georgian community participated in a peaceful march in protest of Russia's intervention in Georgia. The march stopped outside the Russian Consulate where speakers expressed their grief and anger over the developments and their concern for their loved ones. This was the first anti-Russia protest in Thessaloniki that post is aware of.

A BULGARIAN AND A GREEK ARRESTED IN TWO TRAFFICKING CASES

15. On August 27, a 49 year-old Bulgarian man, resident of Greece, was arrested for bringing a 31 year-old Bulgarian woman to Greece and forcing her into prostitution. In order to persuade the victim to follow him, the arrested man had promised her work at a tobacco plantation. He is charged with locking her up in a hut in the northern village of Triantafilia, Serres and abusing her. Two more Bulgarians, a male and a female, were arrested and charged with guarding the victim, so that she could

THESSALONI 00000060 002.2 OF 002

not escape. Greek police were alerted to the incident by the parents of the victim, who became suspicious after a telephone conversation with their daughter. In a different case, a 52 year-old Greek man was arrested for locking up and forcing into prostitution six Bulgarian women. The victims were brought to Greece and handed over to the arrested male by his accomplices, a Bulgarian couple. Due to his significant previous criminal record, the police are investigating the possibility of the arrested male's participation in an international trafficking ring.

ABSENCE OF U.S.PAVILION AT THE INTERNATIONAL TRADE FAIR RAISES QUESTIONS

16. For the first time in decades, there will not be an American pavilion in this year's International Trade Fair of Thessaloniki. The American Hellenic Chamber of Commerce, was not able to find a sufficient number of vendors, who wanted to exhibit in the pavilion. Chamber representatives told post that declining interest in the fair, rising costs and the declining dollar value led many vendors to discontinue their participation in the American Pavilion. Helexpo -the organizers of the Fair - on the other hand, reportedly blamed the AmCham for "mismanagement" and stated that "almost all known American companies will participate independently." Post made clear that there was no political or economic motive behind the decision and it was purely driven by business considerations. The misunderstanding takes place in a generally somber climate for the Fair, with the Prime Minister only expected to announce limited financial measures, aiming to reduce expenditure, raise taxation and tackle rising levels of poverty. On September 6, three sizeable labor union rallies protesting government economic policies are planned.

SIGNIFICANT RISE IN THE NUMBERS OF ILLEGAL IMMIGRANTS AND
SMUGGLERS CAPTURED BY THE POLICE

17. Thessaloniki daily "Aggelioforos" reported an increase of 34.5% in the number of illegal immigrants captured by the police in the Prefecture of Thessaloniki in the first half of 2008, compared with the previous year. There was also an increase in the number of arrested alien smugglers, from 64 in 2007 to 98 in the first six months of 2008. According to police, illegal immigrants come mostly from Albania and the Greek-Turkish border and smugglers are mostly Albanian, Iraqi, Georgian and recently, Greek. This month, an Iraqi police officer was arrested for transporting six illegal immigrants from Alexandroupoli, Thrace for Athens at a reported fee of \$7,000 each. The immigrants were helped cross the Greek-Turkish border by the smugglers Turkish accomplices. In another case, sixteen illegal immigrants from Afghanistan, waiting to travel from Athens to Italy escaped from their smugglers after being left without food or water for two days. Lastly, the Director of Ellassona's Illegal Immigration Unit was moved after it was revealed that his personnel used a pick-up truck that was converted to a jail cell, in order to transport seven Albanian illegal immigrants.
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